

## **STATEMENT OF PURPOSE**

### **RS18791**

This legislation defines the procedures to allow the Idaho Transportation Department to solicit and award contracts using design-build method of procurement for highway projects. Design-build projects were authorized for public-works projects in 1987 by Section 67-5711A, Idaho Code. However, Section 40-902(3), Idaho Code specifically states that contracts for highways be let to the lowest responsible bidder. There are no provisions allowing the department to solicit and award construction Design-Build contracts.

If enacted, this legislation would allow the department to begin negotiated rule-making for the purpose of promulgating rules to solicit contracts using the Design-Build alternative contracting method for projects, which can be designed and completed faster than standard projects. Shorter project-completion times can save money due to the lower contractor costs and the reduced effects of inflation on construction materials. Design-build will reduce possible conflicts between the projects design engineer and the contractor contracted to build the project.

A study by Warne and Associates ("Design-Build Contracting for Highway Projects A Performance Assessment; 2005") found that 76 percent of the studied design-build projects were completed ahead of the established schedule and 100 percent of these projects were completed faster than if a design-bid-build schedule were used.

### **FISCAL NOTE**

As reported in the January 2009 Performance Audit of the Idaho Transportation Department, a survey conducted as part of the "Design-Build Effectiveness Study, As Required by TEA-21 Section 1307(f)," prepared for USDOT Federal Highway Administration, January 2006 showed that design-build saves on time and cost for the same quality as design-bid-build. The results of the study indicated, on average, design-build project delivery reduced overall project duration by 14%; reduced the total cost of projects by 3%; and maintained the same level of quality as compared to design-bid-build project delivery. The study indicated a potential savings of \$30,000 for every \$1 million of cost, and a reduction of about 7 1/3 weeks for every project-year.

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